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## REMOVAL OF CHINA'S COASTAL FACTORIES TO INLAND SITES CONTINUES

In an article published in May 1950, She Kuei-t'ang discussed the principal methods of removal of factories inland, citing specific labor-management agreements in point.

After several months, during which practically no mention had been made in the general press concerning factory removals, articles began to appear in the daily newspapers following the outbreak of hostilities in Korea. In October, a Saigon newspaper reported the dismantling of three factories in Canton. In November and December, three Hong Kong papers carried articles indicating greater activity recently in the program of factory removal.

DISCUSSES FACTORY REMOVAL FROM SHANGHAI -- Shanghai, Lu-hsing Tsa-chih, Vol XXIV,  
No 5, May 50

She Kuei-t'ang (余貴棠)

Wu Ch'eng-lo (吳承洛), former chairman of the Board of Directors, China Chemical Society (Chung-kuo Hua-hsueh Hui), has issued a report in which he divides the nation into 12 districts, each having a highly developed industry:

## District

Industry

Northeast China  
Sinkiang  
North China  
North of the Great Wall (Inner Mongolia)  
Northwest China  
East China  
West China  
Central China  
Southwest China  
Mongolia  
Tibet  
South China

Iron  
Oil  
Coal  
Salt  
Leather  
Silk  
Water power  
Ammonia  
Tin  
Horses  
Gold  
Rubber

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Shanghai's position in the national picture grows progressively less important. The number of spindles in Shanghai's cotton-spinning industry could be increased from 2 million to 3 million. If that were the case, however, the total for the whole nation could possibly be raised to 12 million from its present 5 million and Shanghai's industry would then have only 25 percent of the spindles rather than 50 percent as it has at present. As a national defense measure, and in response to the demands of our times, it is necessary to move Shanghai industry inland. This process requires careful preparation and considerable expenditure. The following four methods have been adopted:

1. Merger of the removing factory with a publicly operated enterprise at the destination. The China Standard Pencil Factory set up a plant at Harbin with a total capital of 20 billion Northeast yuan derived from the following sources: their own, 30 percent; Harbin Industrial Corporation (Shih-yeh Kung-ssu), 30 percent; Harbin Enterprises Corporation (Ch'i-yeh Kung-ssu), 30 percent; and people's capitalists, 10 percent. The Glass Plant, Central Chemical Engineering Company, moved to Mukden and merged with the Mukden Glass Plant. This method solved at one stroke the problems of factory site, power, raw materials, marketing, equipment, and technical skills.
2. Merger of the removing factory with a privately operated enterprise at the destination. The Ch'ang-ch'eng Pencil Factory merged with the Tientsin Yuh-sing Stationery Company. The K'ang-lo Cigarette Factory has made an arrangement with the Tientsin Hsin-hsing Steel Plant whereby part of the steel plant will be set aside for use by the cigarette factory which, in turn, will contribute its machinery and equipment that is being shipped north, as capital to the partnership. The Fu-t'ai Machine Factory has moved to Chiu-chiang and merged with the Hsing-chung Yarn Mill.
3. Administrative merger of removing factories. Four pharmaceutical plants -- Jen-ho, Sheng-hua, Hsin-i, and T'ien-feng -- merged when they moved to Nan-t'ung and rented space there from the Lo-jen Pharmaceutical Institute. The Cheng-ming and Hsin-hsin-hung-chi match factories moved to K'ai-feng and established the Honan Match Factory Corporation.
4. Establishment of branch factories. Many Shanghai firms have set up branches in and around Tientsin to take advantage of better marketing conditions and sources of raw materials. Among these firms are: K'ai-ling Electric Machine Factory, which manufactures motors; Ya-chou (Asia) Electrical Industries Factory, which manufactures electrical wire; and Chen-tan Machinery Factory, which manufactures fire extinguishers.

Personnel problems arising in the removal are being solved through labor-management agreements with assistance from local governments, welfare agencies, and the like. Before the Li-min Yarn Mill moved from P'u-tung to Cheng-chou, an agreement was signed as follows:

1. Wages shall be determined in terms of Shanghai parity units.
2. During the period of work stoppage [presumably, the period of removal], those persons who work shall be paid in full and those who have no duties shall be paid one fourth [of their customary wage.]
3. Persons having financial difficulties at home may borrow funds; these funds shall be deducted later from wages, on a time basis.
4. Special arrangements shall be made to accommodate those who, because of circumstances, do not desire to remove.
5. After arriving at Cheng-chou, [each worker] shall be permitted to return to his home twice yearly, for a period of 15 days each time, with no deduction from his pay; travel expenses shall be borne by the management.

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6. All former welfare arrangements shall be continued. At P'u-tung, each person will receive one cotton overcoat. After reaching Cheng-chou, each person will receive one uniform and two quilts.

Similar agreements were signed when the plant manufacturing striking-surfaces for the Ch'uan-chang-cheng-chi Match Company moved to Ch'in-huang-tao. Some of the provisions were as follows:

1. After employees have voluntarily registered their decisions with respect to being moved, the removal will be made according to a fixed schedule; no time extensions or changes in plans will be permitted.

2. During the actual removal, all expenses of food, transportation, lodging, and medicine will be borne by the management; however, economy shall be the rule.

3. After an employee has begun to work at the inland location, he will not be entitled to request a change in occupation or permission to leave the factory before having worked at least one-half year. Anyone making such a request shall pay back the various monies given him for travel and all of the money given him to settle his family.

4. All employees who have resigned and received their separation pay shall leave the factory; they may not dwell or eat within the factory, impede the removal operations, or impose any other demands.

A splendid effort is being made by various agencies to facilitate the removal and to welcome the incoming workers. Railways have reduced their rates by 50 percent on factory machinery and by 20 percent on household goods.

In general, cotton textile mills have moved to Honan and Pingyuan provinces; cigarette factories to Honan; machinery factories to Tientsin; and stationery and chemical equipment plants to North and Northeast China. The following elements are considered in moving factories to a new location inland: (1) climate; (2) factory foundations; (3) buildings; (4) power supply; (5) business plans; and (6) general environment, which includes public health, industry and commerce, culture, and agencies, organizations, and institutions.

DISMANTLE COTTON FACTORIES -- Saigon, L'Echo du Viet Nam, 17 Oct 50

(Reprint from Kung Shang Wan-pao) -- Certain pieces of machinery in three large factories in Canton have recently been dismantled on orders of Communist authorities and sent to Northeast China.

The three factories are the Hsi-ts'un Cement Works, in the western part of the city; the Hsi-ts'un Central Electric Plant; and the Nan-sha-t'ou Paper Factory. Workers not desiring to move to the Northeast were given 2 months' salary [as separation pay].

A cotton mill on E-nan Island, just off the Canton coast, has been practically stripped of its machines. Of the original 300 looms, only 50 remain at present.

COASTAL FACTORIES MOVE INLAND -- Hong Kong, Hsing-tao Jih-pao, 30 Nov 50

Taihoku, 29 November -- Reports from Ta-ch'en Tao state that the Chinese Communists have been moving coastal property inland continuously since October 1950. All factory equipment, large or small, in Ningpo, Chen-hai, and Wen-chou is being dismantled for shipment along the Ch'ing-t'ien-Tsao-o Highway to Hang-chow at the rate of 500 truckloads each day. This equipment is then transshipped northward via Shanghai. Provisions are also being shipped inland by this route.

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PLAN INLAND REMOVAL OF KWANGTUNG PLANTS -- Hong Kong, Hsing-tao Jih-pao, 2 Dec 50

Canton, 1 December -- In view of the changing trends in the international situation, the Kwangtung Provincial government is striving to move factories of all sizes from the large municipalities. Designated municipalities include: Canton, Fo-shan, Shih-ch'i, Chiang-men, and Shih-lung, which is in the Kuan District. Types of factories to be removed include: cement plants, rubber plants, spinning and weaving mills, and plants making nankeens and towels.

Definite plans have not been formulated, but officials have disclosed the following proposed bases of consideration:

1. Nature of a Given Enterprise

Factories -- like the mills in Canton that produce nankeens and towels -- which do not use electric power, and which could function normally after removal to a new site, are suitable for removal. Factories will not be moved, for the time being, if such a removal would cause a prolonged interruption in their production.

2. Raw Material Sources

Plants requiring a pure water supply are not obliged to move if a suitable supply is not available at the new site. On the other hand, cement plants, whose special sources of raw material lie on the Pei Chiang above Ying-te, should move -- even though this would involve considerable new construction -- because the plants could function permanently at the new site once the removal had been effected.

3. Technicians and Trained Workers

For the time being, a plant should not move if circumstances prevent its technicians and workers from moving with the plant, since production would be impeded by the subsequent lack of trained personnel.

Definite plans have been formulated for the removal of large industries from municipalities. Such removal is to be completed during the year 1951. Those industries which are not obliged to move at this time are waiting for the government to make suitable arrangements for their removal.

MUKDEN AMMUNITION DUMP MOVED TO CH'I-CH'I-HA-ERH -- Hong Kong, Kung Shang Jih-pao, 2 Dec 50

Taihoku, 1 December (UP) -- Reports from the Chung-lien She [presumably, the China Union Press] state that the Chinese Communists have moved equipment of the Mukden Ammunition Dump to Ch'i-ch'i-ha-erh, some 390 miles north. These sources also report that equipment in various Tientsin factories is likewise being moved inland.

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